

Before the State of South Carolina
Department of Insurance

In the matter of:)	
)	Consent Order
The Standard Fire Insurance Company,)	Imposing Administrative Penalty
)	
One Tower Square)	
Hartford, Connecticut 06183.)	SCDI File Number 2000-101075
_____)	

This matter comes before me pursuant to an agreement entered into between the South Carolina Department of Insurance and The Standard Fire Insurance Company, a member of the Travelers Property Casualty Group licensed to transact business as an insurer in South Carolina.

A recent market conduct examination of Standard Fire by the Department disclosed that Standard Fire had accepted several private passenger automobile and homeowner insurance applications from citizens of South Carolina through individuals who were neither licensed as insurance agents in South Carolina nor appointed by the insurer to transact business on its behalf in this state. Standard Fire maintains that this was not a willful violation of South Carolina law, but an unintended result of efforts by the Travelers Property Casualty Group to integrate its personal lines products in South Carolina under Standard Fire. However, this conduct violates S.C. Code Ann. §§ 38-43-40 (Supp. 1999) and 38-43-60 (1989), and can ultimately lead to the revocation of an insurer's certificate of authority, pursuant to South Carolina Code Ann. §§ 38-2-10 and 38-5-120 (A)(2) (Supp. 1999), to transact the business of insurance within the State of South Carolina, following a public hearing before the Administrative Law Judge Division.

Rather than contesting these matters, Standard Fire and the Department, through negotiation and compromise, have agreed to submit the entire matter to me along with their specific recommendations for my summary decision. That consensual recommendation was that, in lieu of further proceedings, Standard Fire would waive its right to a public hearing and immediately submit to the Department, via certified check, an administrative fine in the total amount of \$ 10,000.

S.C. Code Ann. § 38-43-40 (Supp. 1999) states, "A license issued by the director or his designee pursuant to Chapter 5 of this title gives to the insurer obtaining it the right to appoint any number of agents to take risks or transact any business of insurance in the state. However, the director or his designee must be notified of the appointment before the agent takes any risk or transacts any business" as defined in S.C. Code Ann. § 38-43-10 (1989). S.C. Code Ann. § 38-43-60 (1989) in pertinent part states, "All business done in this State by insurers doing the

 The Standard Fire Insurance Company

business of insurance as defined in this title must be transacted by their regularly authorized agents.”

After a thorough review of the matter, and after carefully considering the recommendation of the parties, and pursuant to my findings of fact and conclusions of law, although I can now revoke Standard Fire’s certificate of authority, I hereby impose an administrative fine in the amount of \$10,000 against the insurer pursuant to the authority provided to me by the State of South Carolina General Assembly in S.C. Code Ann. §§ 38-5-130 and 38-2-10 (Supp. 1999). Standard Fire must pay this administrative fine within ten days of my date and my signature upon this consent order. If that total amount is not paid on, or before, that date, then Standard Fire’s certificate of authority to transact business as an insurer within the State of South Carolina will be summarily revoked without any further administrative disciplinary proceedings.

The parties through negotiation and compromise have reached this consent order in consideration of Standard Fire’s assurance that has reviewed its agent licensing and appointment procedures to ensure those procedures comply with South Carolina law. Standard Fire also has expressed to all agents representing the Travelers Property Casualty Group the importance of ensuring that they are properly licensed and appointed by Standard Fire prior to submitting applications to that insurer.

By the signature of one of its officers or authorized representatives upon this consent order, Standard Fire acknowledges that it understands that this administrative disciplinary order is a public record subject to the disclosure requirements of the State of South Carolina’s *Freedom of Information Act*, S.C. Code Ann. §§ 30-4-10, *et seq.* (1991 and Supp. 1999). Nothing contained within this administrative disciplinary order should be construed to limit, or to deprive any person of, any private right of action under the law. Nothing contained within this administrative disciplinary order should be construed to limit, in any manner, the criminal jurisdiction of any law enforcement or judicial officer. Nothing contained within this administrative disciplinary order should be construed to limit the statutory duty, pursuant to S.C. Code Ann. § 38-3-110 (Supp. 1999), of the Director of Insurance, exercised either directly or through the Department, to “report to the Attorney General or other appropriate law enforcement officials criminal violations of the laws relative to the business of insurance or the provisions of this title which he considers necessary to report.”

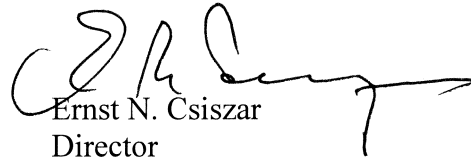
Therefore, It is ordered that Standard Fire shall pay through the Department an administrative fine in the total amount of \$ 10,000 within ten days of my date and my signature upon this consent order.

It is further ordered that a copy of this consent order shall be immediately transmitted to the National Association of Insurance Commissioners for distribution to its member states.



The Standard Fire Insurance Company

This consent order becomes effective on the date of my signature below.


Ernst N. Csiszar
Director

March 16, 2000, at
Columbia, South Carolina

I CONSENT:

Signature of Authorized Representative


Name

George R. Sullivan
Title

Vice President
The Standard Fire Insurance Company
One Tower Square
Hartford, Connecticut 06183

Dated this 9th day of March, 2000